



Foreign Agricultural Service

GAIN Report

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China, Peoples Republic of

Grain and Feed

Rice Update

2002

U.S. Embassy

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Report Highlights: Despite better weather, lower planted area will lead to lower rice production in 2002. Imports of Thai fragrant rice are being hurt by increased production of cheaper domestic fragrant rice.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Beijing [CH1], CH

Rice Situation and Outlook

China's rice acreage harvested in 2002 will continue the steady decline of the past several years. Overall weather conditions for rice this year have been more favorable than last year, though flooding earlier this year has effected output in some southern provinces. Overall, total output is expected to be slightly lower than last year.

Overall grain prices have dropped gradually since the late 1990s. This has driven farmers to cash crops or higher-grade grain varieties. Rice is no exception. As lower grade (early rice) varieties have not been covered by government procurement programs starting from 2000, farmers have tended to produce more marketable rice varieties, and quality has improved noticeably.

Demand for imported Thai fragrant rice has been dampened this year by locally produced fragrant varieties. Locally produced fragrant rice is up to 25 percent cheaper than Thai rice. Even with some quality difference, this makes local rice very competitive. Imports of Thai fragrant rice in 2002 will decline by big margin over last year. With area planted to fragrant rice continuing to expand, imports shall fall further in 2003.

For three straight years, domestic production has fallen short of domestic consumption. This has eroded the stocks to a great extent, down by over 30 MMT, according to experts. Stocks remain large but of low quality.

| | | | | | | |
|------------------------|----------------------------|---------|-------------|---------|--------------------|---------|
| PSD Table | | | | | | |
| Country | China, Peoples Republic of | | | | | |
| Commodity | Rice, Milled | | | | (1000 HA)(1000 MT) | |
| | Revised | 2000 | Preliminary | 2001 | Forecast | 2002 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/2001 | | 01/2002 | | 01/2003 |
| Area Harvested | 29962 | 29962 | 28812 | 28812 | 28000 | 28100 |
| Beginning Stocks | 98500 | 98500 | 94100 | 94120 | 82550 | 82421 |
| Milled Production | 131536 | 131536 | 124306 | 124306 | 123200 | 121820 |
| Rough Production | 187909 | 187909 | 177580 | 177580 | 176000 | 174029 |
| MILLING RATE (.9999) | 7000 | 7000 | 7000 | 7000 | 7000 | 7000 |
| TOTAL Imports | 267 | 267 | 225 | 205 | 400 | 195 |
| Jan-Dec Imports | 267 | 267 | 225 | 205 | 400 | 195 |
| Jan-Dec Import U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 230303 | 230303 | 218631 | 218631 | 206150 | 204436 |
| TOTAL Exports | 1847 | 1847 | 1500 | 1600 | 2250 | 2000 |
| Jan-Dec Exports | 1847 | 1847 | 1500 | 1600 | 2250 | 2000 |
| TOTAL Dom. Consumption | 134356 | 134336 | 134581 | 134610 | 134800 | 134900 |
| Ending Stocks | 94100 | 94120 | 82550 | 82421 | 69100 | 67536 |
| TOTAL DISTRIBUTION | 230303 | 230303 | 218631 | 218631 | 206150 | 204436 |